Leading Services with Massive and Highly Engaged User Base

Games
• #1 by users in China across PC and mobile
• #1 globally by revenue

Weixin & WeChat
• #1 mobile community
• MAU at 1,242m

QQ
• QQ mobile device MAU at 606m

Communication & Social

Digital Content

FinTech

Utilities

Cloud

Long Form Video
• #1 by subscription

News
• #1 news services by MAU

Music
• #1 music services provider

Literature
• #1 online content library and publisher

Mobile Payment
• #1 by MAU & DAU

Public Cloud
• #2 service provider by revenue

Mobile Browser
• #1 by MAU

Mobile Security
• #1 by MAU

* All rankings above refer to China market, unless otherwise stated. Company data as of March 31, 2021.
Digital Ecosystem Fulfilling Everyday Needs of Consumers

1 billion+
 daily average commercial payment transactions on Weixin Pay (1)

RMB1.6 trillion+
total transaction value generated from Weixin Mini Programs (2)

226 million
total fee-based VAS subscriptions (3)

---

1. Since 4Q2019
2. Annual transaction value in 2020
3. Fee-based VAS subscriptions as of Mar 31, 2021
Weixin Reshapes Digital Lifestyle in China

**Chat and Moments**
- **Weixin Chat** provides synchronous communication between mutual contacts
- **Moments** provide asynchronous photo, video and audio sharing

**Weixin Pay**
- Easy and secured online/offline transactions
- Over 1 billion average commercial transactions per day since 4Q2019

**Mini Programs**
- Provide Weixin users with products, content and services
- Assist businesses in building digital presence
- 2020 annual transaction value more than doubled YoY

**Official Accounts**
- Allow individuals, media and businesses to share original content and engage with readers
- Strengthen brand awareness and content management

**Video Accounts**
- Facilitate public sharing of video and live streaming content
- Help content creators and brands acquire and manage customers efficiently

---

1. As of March 31, 2021

Largest communication and social service in China for over 1.2 billion MAU (1)
QQ Caters to Evolving Needs of Young Users

**Chat & Group**
Synchronous communication

*Game interest group*
Honour of Kings team-up invite

Game players discuss game-related topics and form teams in game communities

**Mini Programs**
Content & services consumption

*Hashtag*

Online education services provided by third-party institutions

Users create videos and images, and share them beyond their existing friend circle

**Mini World**
Content communities

*Mini World posts*

**QQ Wallet**
Mobile payment

Access daily services, transportation, shopping and entertainment services

**Kandian**
News feed

Articles, images and videos provided by news media and quality content creators

---

606 million QQ MAU (1) on mobile devices

---

1. As of March 31, 2021
Extending our strategy of ‘Connection’ to connecting industries, consumers and business partners

Customise smart industry solutions based on Tencent Cloud; leverage our high-DAU products and software, and proprietary technologies to assist enterprises in digital transformation.
Embrace future opportunities with proactive investments

New market opportunities clearly emerging

- Businesses accelerate movement online; various industries speed up digitalisation
- Game user base expanded; long-term growth driven by new genres and technologies
- Users seek more diverse and nutritious short video content

Investees’ value appreciates, while incurring wider losses

- Valuation increased: fair value of our listed investees was over USD200 billion
- Several investees at heavy loss stage due to investment in new opportunities: top 5 loss-making associates reduced our 1Q21 non-IFRS net profit by 7%

Tencent is proactively investing for future

- Business Services: assist in digitalisation
- Games: focus on high-production value games with global appeal
- Short-Form Video Content: cultivate differentiated ecosystems
- Sustainable Social Value: bring technology benefits to society
Promoting Sustainable Innovations for Social Value

- Realise our aspiration: bring benefits and value to society sustainably by leveraging our technology and products
- Broad undertaking to elevate importance of sustainable social value in making product decisions
- Established SSV Org to deploy social value initiatives in a professional and entrepreneurial way
- Incubate projects in various areas, linking with our existing businesses when appropriate
- Promote development of self-sustainable operations in addition to providing donations
- Pursue long-term social value rather than economic profits
- Capital funded by our investment gains

* FEW refers to food, energy and water.
## Our ESG Commitment and Approach

### Environment
- **Carbon neutrality**: explore renewable energy solutions; leverage self-developed T-block technology to optimise power usage efficiency in data centres
- **AI for Food, Energy and Water (FEW)**: leverage AI, big data analytics and cloud computing to facilitate desert reclamation

### Social
- **Privacy and security**: adhere to ‘Privacy by Design’ and protect user data with advanced security technologies
- **Responsibility towards teenage users**: upgrade our Balanced Online Entertainment System; released teenager mode in multiple products to advocate digital well-being
- **Fighting COVID-19**: Health Code facilitates domestic travel and reduces transmission risks for over 1 billion users; Weixin Pay, Mini Programs and other digital tools assisted economic recovery

### Governance
- **Integrity as core value**: prevent corruption with stringent risk management and internal controls
- **Fostering ecosystem**: support the growth of third-party partners, promote fair competition and industry collaboration
- **Diversity**: enhance board diversity in gender, background and expertise

---

**MSCI ESG Rating: BBB | Sustainalytics ESG risk score: 24.8**

1. Out of 100, the lower the better
1. Business Model

2. Financials
Resilient Business Model with Diversified Revenue Streams

Revenues by Business Segment (1)(2)
(RMB in billions)

Segment

- **FinTech and Business Services**(2)
  - Enterprise and consumer-driven
  - Payments, distribution of wealth management and other FinTech services
  - Cloud and other enterprise-facing services, such as smart retail solutions

- **Online Advertising**
  - Enterprise-driven
  - Social and other advertising inventories: Weixin, QQ, app store, browser, mobile advertising network, etc.
  - Media advertising inventories: news, video and music, etc.

- **VAS: Games**
  - Consumer-driven
  - Mobile games
  - PC games
  - Console games

- **VAS: Social Networks**
  - Consumer-driven
  - Digital content subscriptions
  - Membership privileges
  - Virtual item sales

---

1. "Others" segment revenues is marked in grey. "Others" segment revenues for 2016-2017 include FinTech and Business Services, and the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities. "Others" segment revenues for 2018 – 2020 included the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities.

2. Starting 1Q2019, we moved "FinTech and Business Services" revenues out of the "Others" segment to form a new segment, comparative figures in 2018 were restated accordingly.

3. Last twelve months ended March 31, 2021
Digital Content Services

- Leading digital content platforms offer high quality content in various forms, including literature, anime, video, games and others
- Expertise in curating popular IP and extending IP influence across various media forms and high-DAU properties
- Strategic partner of choice for major content producers and owners locally and globally

**High Quality Content**

- Tencent Video
- Drama Series / Variety Show
- Comics / Anime
- Tencent Animation and Comics
- Tencent Pictures
- Music
- QQ Reading
- Qidian Reading
- Tencent Games
- Weixin Reading
- Tencent Sports
- Tencent eSports
- Kugou Music
- Kuwo Music
- Tencent eSports
- Tencent Animation and Comics
- Novels
- WeSing
- Movies

**Growing Fee-based VAS Subscriptions**

(in millions)

- 125 million (1)
  - Total video subscriptions
- 61 million (1)
  - Total music subscriptions

1. As of Mar 31, 2021
#1 Global game operator by revenue across PC and mobile (1)
Online Advertising

Large Share of Time Spent with Significant Headroom for Monetisation

36.2%

Time spent on apps in China is captured by apps of Tencent (1)

11.0%

Market share of online ads revenue in China (2)

Our Advertising Properties

Social

- Weixin Moments
- Weixin Official Accounts
- Weixin Mini Programs
- QQ
- Tencent Video
- Tencent News
- QQ Music
- Tencent Sports
- QQ Reading
- Tencent KanDian
- Weishi

Media

- Tencent
- Tencent Games
- Tencent eSports
- Mobile Advertising Network

Tools and Others

Our Technology

Integrated Advertising Solutions

- Integrated digital marketing solutions provide access to full range of Tencent and third-party advertising inventories

Leading Advertising Technology

- Offers a range of digital tools including user insight, campaign management, and digital asset management
- Supported by Tencent’s AI technology, anonymized data aggregation and data analytics
- Enables us to deliver higher CTR, sales conversion and hence higher ROI for advertisers

Strong advertising revenue growth (32% CAGR from 2016 to 2020) even during COVID-19 (20% growth rate from 2019 to 2020)

1. According to QuestMobile, in December 2020; including apps with MAU of no less than 10,000.
2. Market share calculated as Tencent Online Advertising revenue in 2020 divided by China online advertising market size in 2020 according to CNNIC adjusted by adding customer management revenue of Alibaba in 2020 as disclosed.
# FinTech and Business Services

## Payment Solutions

<table>
<thead>
<tr>
<th>Tencent Cloud</th>
<th>WeCom</th>
<th>Tencent Meeting/VooV Meeting</th>
</tr>
</thead>
</table>

- Over 1 billion average daily commercial payment transactions since 4Q2019
- Take-rate collected from merchants for commercial transactions
- Social and other transactions including red packets, bill sharing and utility payment

## Other FinTech Services

<table>
<thead>
<tr>
<th>LiCaiTong</th>
<th>WeSure</th>
<th>WeiLiDai</th>
</tr>
</thead>
</table>

- Offers wealth management services including compliant and inclusive financial products from partners
- Offers insurance services
- Offers a channel for making small-sized, short maturity consumer loans to our users

Receives distribution fees from WeBank with no credit risk or balance sheet exposure

## Cloud Services

- IaaS, PaaS, SaaS and technology solutions from enterprise customers
  - IaaS: *Star Lake* server and T-block technology enhanced service performance
  - PaaS: increasing adoption of security and real-time communication PaaS
  - SaaS: *Tencent Meeting/VooV Meeting, WeCom, Tencent Docs* for digitalisation

## Other Business Services

- Customised smart industry solutions help partners move their businesses to digital, applied across verticals including retail, healthcare, transportation, education, finance, tourism, etc.
2. Financial Highlights
## Highly Profitable and Cash-Generative Business Model

### Adjusted EBITDA (1) and Free Cash Flow (FCF) (2)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EBITDA</th>
<th>FCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>66.9</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>95.9</td>
<td>55.0</td>
</tr>
<tr>
<td>2018</td>
<td>118.3</td>
<td>93.4</td>
</tr>
<tr>
<td>2019</td>
<td>147.4</td>
<td>87.8</td>
</tr>
<tr>
<td>2020</td>
<td>183.3</td>
<td>120.3</td>
</tr>
<tr>
<td>LTM Mar 21</td>
<td>191.1</td>
<td>153.2</td>
</tr>
</tbody>
</table>

### Key Metrics

**29%**

- **Adj. EBITDA CAGR** (5)

**38%**

- **Adj. EBITDA Margin** (6)

**39%**

- **FCF Growth** (7)

**67%**

- **FCF Conversion** (8)

---

1. Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses
2. Free cash flow calculated as net cash flow generated from operating activities minus payments for capital expenditures. In 2019, interest paid was re-classified from operating to financing cash flows, comparative figures from 2018 were re-stated accordingly.
3. Starting from 2020, free cash flow was adjusted by subtracting payments for media contents and lease liabilities, in addition to subtracting payments for capital expenditure from operating cash flow. RMB120.3 billion in 2019, RMB153.2 billion in 2020 and RMB149.9 billion in LTM 2021 are the free cash flow numbers before the adjustments.
4. Last twelve months as of March 31, 2021
5. 2016-2020 CAGR
6. 2020 Adjusted EBITDA as % of Revenues
7. FCF Growth in 2020 from 2019
8. FCF Conversion = FCF / Adjusted EBITDA; In 2020
In 2019, interest paid was re-classified from operating to financing cash flows, comparative figures from 2018 were re-stated accordingly.

Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents). Dividends paid include dividends paid to both the Company’s shareholders and non-controlling interests.

Last twelve months as of March 31, 2021

Stable and Sustainable Cash Generation

Operating Cash Flow (OCF)\(^{(1)}\), Capital Expenditure Paid and Dividends Paid\(^{(2)}\)

(RMB in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Cash Flow</th>
<th>Capital Expenditure Paid</th>
<th>Dividends Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>65.5</td>
<td>10.6</td>
<td>4.6</td>
</tr>
<tr>
<td>2017</td>
<td>106.1</td>
<td>12.8</td>
<td>6.0</td>
</tr>
<tr>
<td>2018</td>
<td>110.9</td>
<td>23.1</td>
<td>7.4</td>
</tr>
<tr>
<td>2019</td>
<td>148.6</td>
<td>28.3</td>
<td>9.5</td>
</tr>
<tr>
<td>2020</td>
<td>194.1</td>
<td>41.0</td>
<td>11.4</td>
</tr>
<tr>
<td>LTM Mar 2021 (^{(3)})</td>
<td>190.5</td>
<td>40.6</td>
<td>11.4</td>
</tr>
</tbody>
</table>

1. In 2019, interest paid was re-classified from operating to financing cash flows, comparative figures from 2018 were re-stated accordingly.
2. Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents). Dividends paid include dividends paid to both the Company’s shareholders and non-controlling interests.
3. Last twelve months as of March 31, 2021
## Solid Balance Sheet Position

### Net Cash / (Debt) Position

(RMB in billions)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>1Q2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash</td>
<td>127.6</td>
<td>148.2</td>
<td>167.1</td>
<td>205.3</td>
<td>259.5</td>
<td>258.8</td>
</tr>
<tr>
<td>Net cash/ (debt)</td>
<td>18.1</td>
<td>16.3</td>
<td>(12.2)</td>
<td>(15.5)</td>
<td>11.1</td>
<td>5.6</td>
</tr>
<tr>
<td>Total debt</td>
<td>(109.5)</td>
<td>(131.9)</td>
<td>(179.3)</td>
<td>(220.8)</td>
<td>(248.4)</td>
<td>(253.2)</td>
</tr>
</tbody>
</table>

### Fair Value of Shareholdings in Listed Investee Companies

(RMB in billions)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>1Q2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD185 billion</td>
<td>89.0</td>
<td>210.8</td>
<td>238.0</td>
<td>419.8</td>
<td>1,204.9</td>
<td>1,362.3</td>
</tr>
<tr>
<td>USD207 billion</td>
<td>127.6</td>
<td>148.2</td>
<td>167.1</td>
<td>205.3</td>
<td>259.5</td>
<td>258.8</td>
</tr>
</tbody>
</table>

1. Based on cash and cash equivalents, and term deposits and others
2. Total debt consists of borrowings and notes payable
3. Publicly listed companies only (excluding subsidiaries)
4. 2020 and 1Q21 figures quoted in US dollars are based on the exchange rate of US$1 to RMB6.5249, and US$1 to RMB6.5713, respectively
**Prudent Capital Management and Robust Credit Metrics**

**Total debt / Adjusted EBITDA** (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>LTM Mar 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1.6x</td>
<td>1.4x</td>
<td>1.5x</td>
<td>1.5x</td>
<td>1.4x</td>
<td>1.3x</td>
</tr>
</tbody>
</table>

**Total debt / (Adjusted EBITDA – CAPEX paid)** (2)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>LTM Mar 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1.9x</td>
<td>1.6x</td>
<td>1.9x</td>
<td>1.9x</td>
<td>1.7x</td>
<td>1.7x</td>
</tr>
</tbody>
</table>

**Adjusted EBITDA / Interest expense**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>LTM Mar 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>30.9x</td>
<td>31.3x</td>
<td>24.1x</td>
<td>19.2x</td>
<td>24.6x</td>
<td>26.6x</td>
</tr>
</tbody>
</table>

**Total debt / Total capitalisation** (4)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>LTM Mar 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>37.0%</td>
<td>32.3%</td>
<td>33.5%</td>
<td>31.1%</td>
<td>24.2%</td>
<td>23.1%</td>
</tr>
</tbody>
</table>

---

1. Total debt consists of borrowings and notes payable; Adjusted EBITDA consists of EBITDA plus equity-settled share-based compensation expenses
2. Capital expenditure paid includes purchase of property, plant and equipment, constructions in progress and investment properties, payments for land use rights and payments for intangible assets (excluding media contents, game licences and other contents)
3. Last twelve months as of March 31, 2021
4. Total capitalisation consists of total debt plus total equity (book value)